From:	ehud barak <ehbarak1@gmail.com>
To:	Nora Sabrier <nora@sabrier.ch>
CC:	
Date:	Sat, 3/8/2014 1:53:15 PM
Subject:	Fwd: Carlyle commodity fund Vermillion's assets halved to below $1 bln<.TRJCRB><CG.O>

Nora Hi
FYI. Even the most experienced can hardly find their way these days and beat the Index.
A food for thought.
Best
EB

Sent from my iPhone

Begin forwarded message:

> **From:** Avi Tiomkin <ATiomkin@atglobalcap.com>
> **Date:** March 7, 2014 at 8:44:28 GMT+2
> **To:** ehud barak <ehbarak1@gmail.com>
> **Cc:** nili Priell <nilipr@013net.net>, Avi Tiomkin <ATiomkin@atglobalcap.com>
> **Subject: Carlyle commodity fund Vermillion's assets halved to below $1 bln<.TRJCRB><CG.O>**

Carlyle commodity fund Vermillion's assets halved to below $1 bln<.TRJCRB>
<CG.O>
07-Mar-2014 00:11

By Barani Krishnan

NEW YORK, March 6 (Reuters) - U.S. private equity group Carlyle <CG.O> said assets at its commodities hedge fund Vermillion fell by more than half in the nine months to December, suggesting investor redemptions at the fund after some negative returns.

New York-based Vermillion Asset Management was managing about $2 billion in March 2013 but that fell to around $900 million by December, Carlyle said in regulatory filings to the U.S. Securities Exchange and Commission.

Carlyle, which acquired Vermillion in October 2012 for an undisclosed sum, did not say in the latest quarterly filings released earlier this week what caused the commodities fund to lose the assets in a relatively short period.

Randy Whitestone, a spokesman for Carlyle, declined to comment on the situation.

A December hedge funds report by futures broker Newedge said two commodity programs at Vermillion posted losses in 2013, and another eked out modest gains.

Vermillion's Crimson Physical Commodities program lost nearly 7 percent and its Celadon Commodities slipped around 4 percent while its Viridian program rose 0.7 percent, Newedge's "Nelson Report" said.

Crimson and Celadon are "long-only" programs that only wager on higher commodity prices. Viridian is a relative value long/short program betting on both price gains and drops.

According to the Nelson Report, assets at the Crimson, Celadon and Viridian programs totaled $533 million as of December.

The report did not include the assets of another Vermillion program called Seaborne. Seaborne, a shipping fund, managed more than $200 million, industry sources said.

Commodities as an asset class was particularly bearish in the nine months to December as prices of most basic resources fell and investors piled cash into rallying equity markets.

Funds with negative or unattractive returns have been especially prone to redemptions, analysts said.

The Thomson Reuters/Core Commodity Index <.TRJCRB>, which tracks prices across 19 energy, metals and agricultural markets, fell 5 percent last year. Commodity products, as a whole, saw a record net outflow of $50 billion in 2013, Citigroup said.

"It was not surprising for commodity funds to lose huge sums of capital during this period, given the stampede from commodities due to fears of a China slowdown," said Jeffrey Sica, chief investment officer at New Jersey-based Sica Wealth, which manages more than $1 billion in client assets.

"Investors were chasing record highs on the S&P (stock

index), adding to the dent in commodities."

Carlyle had said in a separate filing in December that it was preparing to launch a new publicly-traded commodity mutual fund to capture retail investors. The Carlyle Enhanced Commodity Real Return Fund would also be run by Vermillion, it said. [ID:nL2N0KD1L7]

This year, commodities have performed more strongly, with the Thomson Reuters/Core Commodity Index up almost 10 percent after an energy markets rally powered by brutal winter weather and a run-up in coffee and livestock driven by supply concerns.

Vermillion, which trades agricultural products, metals, energy and staples such as coffee, sugar and cocoa beans, was founded in 2005 by Drew Gilbert and Chris Nygaard.

The founding partners have remained co-chief investment officers at Vermillion after the Carlyle acquisition, managing day-to-day operations.

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